U 2160-1-44

VOLUME 55 OCTOBER 1980

INDIANA BUSINESS REVIEW

City Revitalization: A Methodology 3
Louis J. West

Aid to Distressed Communities 13
Robert P. Spack

Appendix: State and Federal
Sources for Programs and Services 18

Division of Research
School of Business / Indiana University

BEST AVAILABLE COPY

INDIANA BUSINESS REVIEW

VOLUME 55

OCTOBER 1980

Morton J. Marcus
Editor
Roberta H. Berry
Managing Editor
Linda Black
Compositor
Mary Lynn Jedlicka
Proof and Layout
Robert Wagner
Artist

Indiana Business Review (U.S.P.S. Pub. No. 261780) is published bi-monthly, in February, April, June, August, October and December, by the Division of Research, School of Business, Indiana University, Bloomington and Indianapolis: Schuyler F. Otteson, Dean; H. D. David, Administrative Director. The Division of Research is a member of the Association for University Business and Economic Research (AUBER).

Address manuscripts (two double-spaced copies) to Morton J. Marcus, Division of Research, School of Business, 625 N. Jordan, Bloomington, IN 47405. *Indiana Business Review* is not responsible for opinions expressed by contributors.

Second class postage is paid at Bloomington, IN 47405. Subscriptions are available to Indiana residents without charge.

In this issue ▪ ▪ ▪

Aid for Indiana's communities is a perennial topic. Many business and government leaders are distressed by the conditions prevalent in our state's cities and towns. Although progress and improvement are to be noted in all parts of the state, decay and stagnation are also evident in many areas. How much local, state, and federal intervention should be introduced to meet changing economic fortunes of Hoosier cities will be a continuing debate.

The first article in this issue is an exposition by Louis West of an experimental statistical method to aid federal and state agencies in the allocation of funds to localities. The method is designed to overcome shortcomings of existing tools, but is not proffered as a statement of the ultimate answer to resource allocation problems. The full results of the research involved are too detailed and lengthy to be presented here, but the data are available for interested readers.

In the second article, Robert Spack, Senior Planner for the State Planning Services Agency, has provided a guide to existing funding programs. Some of these programs may be able to use the methods in the first article. Mr. Spack's detailed statement cannot encompass all programs of aid to cities and towns, but offers the reader an overview of current efforts by the state and federal governments to meet perceived difficulties in our communities. An appendix lists addresses and telephone numbers of the various sources for programs and services.

Presentation of these two articles should contribute to the discussion of community revitalization in the months ahead.

MJM

City Revitalization: A Methodology

LOUIS J. WEST

*Cash Management Division, First National Bank of Chicago, Chicago, Illinois.**

INTRODUCTION

Some of the funds from the federal government to state and local governments are intended to conserve and/or revitalize communities. In keeping with contemporary administrative practices, quantitative measures have been sought to guide the distribution of these funds among communities. What measures of community "need" should be used for such distributions? Who will get how much? Where is the "need" greatest? In response to a request from the Indiana State Planning Services Agency, the Division of Research undertook a project to provide quantitative measures for ranking 551 communities in the state.

The project had a twofold goal, in order to meet the Agency's concern: first, develop an easily interpretable measure of the economic condition of every Indiana incorporated area (called "city" in this article); second, examine all cities and identify those that might be appropriate targets for revitalization funds.

The following two sections describe the components and formation of the City Revitalization Quotient (CRQ) that was established for this project.

COMPONENTS OF THE CITY REVITALIZATION QUOTIENT

The investigators first had to sort through a large selection of economic and social variables in an attempt to assemble a set of data that could be used to generate a rough economic profile of every Indiana city. To qualify, each factor had to meet most of the following prerequisites:

a) widely available
b) unambiguous
c) internally consistent
d) current
e) statistically independent

Widely available data are numbers that are available for *all* Indiana cities.

Unambiguous data have a single dominant interpretation.

Internally consistent data are derived by the same method for every city.

*Louis J. West was a research associate in the Division of Research at the time this project was undertaken. He wishes to thank Morton J. Marcus for aid in the conceptualization of the process described herein.

Current data are the most recent and most accurate data available.

Ideally all criteria chosen are *statistically independent* and government or industry planners or economic analysts can readily convert the data into unambiguous concepts that can be correlated directly to observable components of an area's economy. Even if the necessary human, financial and computer resources are available, however, developing independent factors will not guarantee that they will be interpretable. Consequently, this project, instead of focusing upon statistical rigor, sought variables that can provide, without excessive redundance, a broad economic view of a city.

At the end of the screening process, fifteen components had been grouped into five major categories.

FACTORS

1) Population
   a) absolute population growth
   b) population growth relative to rest of county
   c) dependency ratio—an age measure of the proportion of a population that is potentially dependent upon the traditionally income-earning ages of that population.
2) Personal Income
   a) level of per capita money income
   b) growth in per capita money income
   c) absolute growth in aggregate income
   d) growth in aggregate income relative to rest of county.
3) Housing
   a) percent lacking some plumbing facilities
   b) percent overcrowded (more than one person per room)
   c) percent more than thirty years old
   d) percent with gross rent greater than twenty-five percent of occupants' income.
4) Property assessed valuation
   a) valuation growth
5) Employment
   a) per capita employed (ratio of total employed to portion of population of labor-force age)
   b) industry concentration (1977) (measures how concentrated employment is among the various industry sectors—for example, construction, mining, and manufacturing)
   c) annual unemployment rate

FORMATION OF THE CITY REVITALIZATION QUOTIENT

Many techniques can be used to combine the above fifteen variables in a manner that will provide a rough estimate of the economic condition of all Indiana cities.

One method compares the data to some state or national norm delineating "above average," "average," and "below average" classifications. The Department of Housing and Urban Development did this when it chose to include the percent of families at or below the 1970 poverty level in its distress formula.[1] This technique certainly can simplify the analysis; however, it attempts to apply a rigid, static standard to regions with dissimilar characteristics and environments that are changing with time.

A second technique modifies the first by using a cutoff point that divides the results into those areas economically healthy and those under economic stress. This system does not distinguish degree of need—a marginal city and one desperately in need of assistance receive identical treatment.

A third technique uses a weighting scheme to combine all the components into a single

[1] "Decentralizing Community Development," U.S. Department of Housing and Urban Development, HH1.2035.

composite indicator. This certainly is a simple approach, but it eradicates all possible profile detail. Two places can have the same composite number but be radically different in terms of which aspects of their economies are in need.

A fourth approach involves the development of major factors. By aggregating all the input variables along lines of similarity, a profile of several parts can be built.

A combination of three of the above methods was chosen by this project: one of the 15 components, overcrowded housing, involved the use of a subjective norm; all 15 variables were grouped into 5 major classifications in order to generate an economic profile; the 15 factors were also combined into a single composite indicator, a City Revitalization Quotient (CRQ).

In addition, all of the following attributes were included in the design for the method of processing and combining data:

1) uses only readily available data
2) does not require any highly specialized tools or techniques
3) measures degree of severity of need
4) gives unbiased results with respect to city size
5) user easily understands process
6) considers all cities within the context of the state, not some national standard
7) tries alternative weighting schemes in order to minimize the impact a large variation in a particular component might have on the final composite indicator.

MECHANICS OF THE METHODOLOGY

Each city has a number associated with it for any one variable. For example each city has a rate of population growth. Instead of using an externally determined value to identify cities as to whether they are growing rapidly or slowly, compared to the state or the nation, the method used here compares each city only to the set of all 551 cities in Indiana. How far above or below the average a city may be is determined not by the absolute value of its growth rate, but by its relative growth rate within the distribution of values for all cities. Cities are still ranked but the value now assigned to each city's growth rate is not the rate of growth itself but the relative position of that city among all cities in Indiana, assuming a normal distribution of values around the mean for all cities.

Standardization

In order to express all five major factors and fifteen variables in the same units of measurement, each variable was standardized (normalized). Standardization was accomplished by:

a) finding the mean and the standard deviation for each set of data (one set per variable)
b) subtracting the mean of a particular data set from each value in that set
c) dividing the difference for each data set by the associated standard deviation.

This generated the standardized value or Z-score for each observation. (Examples of standardization are found in the first part of the "Results" section).

Formation of Major Factors

The formation of the five major factors (population, personal income, housing, property assessed valuation, and employment) in order to create an economic profile was quite straightforward. Positive indicators (a large value connotes a favorable economic environment) were assigned a weight of +1, and negative indicators (a large value implies poor economic conditions) were assigned a weight of −1. Major factors then were calculated by summing the normalized values of the appropriately weighted variables.

Table 1
CHOICES FOR SYSTEM OF WEIGHTS

Factor	*Percent Contribution With Various Systems* — *System*					
	A	*B*	*BxC(ACCL)**	*BxC(LIN)**	*BxC(DECL)**	*D = AxC(LIN)**
Population	20.0	20.0	24.0	24.3	24.8	27.0
Income	26.7	20.0	23.2	21.6	19.6	32.0
Housing	26.7	20.0	4.6	2.7	0.3	4.0
Property Valuation	6.7	20.0	24.2	27.0	30.6	10.0
Employment	20.0	20.0	24.0	24.3	24.8	27.0

**BxC(ACCL)*: This is the adjusted product of equal weights for each major factor and the accelerating reduction in weights.

BxC(LIN): This is the adjusted product of equal weights for each major factor and the linear reduction in weights.

BxC(DECL): This is the adjusted product of equal weights for each major factor and the decelerating reduction in weights.

D = AxC(LIN): This scheme chosen for this project is equivalent to the product of equal weights for all 15 components and the adjusted linear reduction in weights.

Weighting

To assemble the final composite indicator a system of weights had to be selected from among the number of choices available. (See Table 1.)

System A gives equal weights for *each* of the fifteen *components*. A does not make any adjustments for age of the data and would probably bias the results towards the most numerous type of indicator.

System B gives equal weights for each of the five *major factors*. B also does not adjust for age of the data and would imply that the least numerous types of variable were the most significant.

System C adjusts for age of the data with either an accelerating, linear or decelerating reduction in value of weights. (See Table 2.) While diminishing the contribution of older data, System C assumes that different types of data for various cities age at the same rate. This contradicts the observation that old data may cause significant misrepresentations for smaller communities. Specifically, upgrading 100 housing units could dramatically improve housing conditions in a town of 5,000 while barely affecting the overall status of housing in a city of a half million.

System D is the choice of the project. This system adjusts for age of the data using linearly-reducing weights and also weights each major factor according to its number of components. Such adjustments minimize the impact a large variation in a particular variable can have upon the composite indicator and lessen, in a simple way, the contribution that older data make.

Since choosing a system of weights is somewhat arbitrary, the weaknesses of a single

Table 2
SYSTEM C
ADJUSTMENTS FOR AGE

Age (years)	*Accelerating*	*Linear*	*Decelerating*
1	1.00	1.00	1.00
2	0.99	0.90	0.81
3	0.96	0.80	0.64
4	0.91	0.70	0.49
5	0.84	0.60	0.36

composite number are obvious. There simply is not a "best" system, but one can be tailored to address a specific set of questions.

RESULTS–SAMPLE CALCULATIONS

A set of calculations that demonstrates in detail the data manipulations involved in deriving the various final indicators is listed below for Bloomington, Indiana.

An analysis of each factor follows.

Population. The ratio of the 1978 and 1970 population figures (50,344/48,530) yields an absolute growth of 3.7 percent for an eight-year period. Standardizing this number [(1.037 – 1.063)/0.339] creates a normalized value of –0.075. The three population variables are combined as follows, since the two growth variables are positive indicators and the dependency ratio is a negative indicator:

$$-0.075 + (-0.253) - (-3.302) = 2.974$$

Standardizing this number

Table 3
DATA FOR BLOOMINGTON, INDIANA

Input Variable	*Value*	*Distribution Values* *Mean*	*Std. Dev.*	*Normalized Value*
Population Growth	1.037	1.063	0.339	–0.075
Relative Population Growth	0.913	0.996	0.326	–0.253
Dependency Ratio	0.240	0.627	0.117	–3.302
Per Capita Income (PCMI)	5.059	5.267	1.024	–0.203
PCMI Growth	1.779	1.859	0.120	–0.672
Aggregate Income Growth	1.845	1.982	0.718	–0.190
Relative Agg. Income Growth	0.871	0.989	0.328	–0.359
Deficient Plumbing	0.032	0.014	0.011	1.608
Overcrowded	0.061	0.064	0.033	–0.095
Over 30 Years Old	0.356	0.610	0.204	–1.248
Rent/Income More Than 25 Percent	0.306	0.044	0.042	6.200
Property Value Growth	1.043	1.173	0.213	–0.613
Per Capita Employed	0.473	0.685	0.102	–2.087
Adj. Hirfindahl Index	0.172	0.104	0.074	0.922
Unemployment Rate	7.000	6.697	1.732	0.175
Major Factor				
Population	2.974	0.0	2.372	1.254
Income	–1.425	0.0	2.941	–0.484
Housing	–6.465	0.0	2.273	–2.844
Property Valuation	1.043	1.173	0.213	–0.613
Employment	–3.184	0.0	2.195	–1.450
Composite (CRQ)	–0.383	0.0	0.694	–1.345

[(2.974 – 0.0)/2.372] generates the normalized population major factor of 1.254. Table 4, "How to Interpret Standardized Scores," shows that Bloomington falls just below the 90th percentile of all Indiana cities. In other words, only some 60 cities experienced a more favorable (economic) population growth and composition than did Bloomington. In fact, because of Bloomington's large student component, the proportion of the population dependent for support upon those of labor-force age (15-64) is quite small.

Income. The four income variables are all positive indicators and are combined as follows:

$$-0.203 + (-0.672) + (-0.190) + (-0.359)$$
$$= -1.425$$

Standardizing yields a value of –0.484, which places Bloomington around the 30th percentile. Thus, some 385 cities are better off in terms of the impact income has upon the local economic health. This is understandable because of low population growth and the "depressing" effect the student component has upon per capita income.

Housing. All four variables are negative indicators.

$$-(1.608) - (-0.095) - (-1.248) - (6.200)$$
$$= -6.465$$

When standardized (–2.844) these indicators place Bloomington as one of the ten worst cities in the state in terms of housing conditions. However, the housing results are based strictly on 1970 data. More recent data could provide a more positive picture of Bloomington's *current* housing conditions.

Property Valuation. This is a single variable major factor (–0.613) and is not weighted heavily in the final composite indicator. By this value, Bloomington ranks among the bottom 130 cities. Someone looking for inexpensive housing and/or a place where the pace of change is relatively slow might regard this factor favorably. But methods of property valuation differ from county to county, thereby limiting the usefulness of this information.

Employment. One positive and two negative indicators combined

$$-2.087 - (0.922) - (0.175) = -3.184$$

and standardized (–1.450) paint a picture of a city among the thirty worst in the state in terms of employment opportunities. Yet because most of the student population is not employed full-time, a large part of the indicated economic stress is probably only apparent and not real.

Composite CRQ. Using System D (see page 6) as the linear weighting scheme

$$1.254 \times 0.27 + (-0.484) \times 0.32 + (-2.844)$$
$$\times 0.04 + (-0.613) \times 0.10 + (-1.450) \times 0.27$$
$$= -0.383$$

The standardized result (–1.345) ranks Bloomington among the fifty cities in this state with the worst economic profile.

However, the above discussion has shown that this conclusion cannot be accepted at face value. Does this mean that all these factors and indicators are meaningless? Not at all. Bloomington is one of a few unique cities in the state of Indiana where students constitute a substantial portion of the population. For that reason it was chosen as an example. Even though the bulk of the student population has limited current labor market participation, the kind of revitalization need is not that traditionally associated with massive layoffs, blighted housing, middle class flight, and depressed economies. The use of Bloomington as an example clearly demonstrates the limitation of these indicators. They are strictly intended as statistical aids to the decision process and are not meant to substitute for familiarity that can only come from detailed field work and additional study of specific cities done by persons familiar with how the fifteen economic variables apply to these specific cities.

Table 4
HOW TO INTERPRET STANDARDIZED SCORES
(Total number of cities = 551)

Many common interpretations of standard scores can be made using one of the following guides:

A

Standard score	2.0	1.5	1.0	0.5	0.0	−0.5	−1.0	−1.5	−2.0
Percentile rank	98	93	84	69	50	31	16	7	2

For a particular measure, for example, if a city has a score of 1.5 or better, it falls in the top 7 percent of all cities in the state, while if it has a score of −1.5, it falls in the bottom 7 percent of the state.

B

Standard score	1.65	1.28	0.67	0.25	−0.25	−0.67	−1.28	−1.65
Percentile rank	95	90	75	60	40	25	10	5

For example, if a city has a score of −1.1, it falls in the bottom quarter of the state for that characteristic but not in the bottom tenth.

C

Approximate category	*Standard score needed*
Top 10 cities	2.09 or higher
Top 50 cities	1.34 or higher
Top 100 cities	0.91 or higher
Bottom 10 cities	−2.09 or lower
Bottom 50 cities	−1.34 or lower
Bottom 100 cities	−0.91 or lower

For example, a city with a score of −1.48 can be called one of the fifty cities most in need of revitalization for that characteristic.

D

Approximate category	*Standard score needed*
Top 13 cities	2.0 or higher
Top 37 cities	1.5 or higher
Top 87 cities	1.0 or higher
Bottom 13 cities	−2.0 or lower
Bottom 37 cities	−1.5 or lower
Bottom 87 cities	−1.0 or lower

For example, a city with a score of 1.6 is among the 37 highest cities in Indiana in that category.

VARIABLES USED

City population growth rate (1978/1970). Growth occurs if births are greater than deaths, there is a net immigration, or annexations take place. Since the 1970 data have been adjusted retroactively for annexations, calculated growth rates will not reflect stresses upon municipal utilities that are likely when city boundaries are extended. Two types of revitalization need can be identified: a) a slowly growing city may lack the capacity to attract people and/or jobs (exclusive communities that have deliberately chosen a low or zero growth rate are exceptions); b) a city growing much faster than average may be stressed if its utilities and public infrastructure resources are overburdened.

City population growth rate (1978/1970) relative to the growth rate of the rest of the county. Although this is not a statistically independent measure, it is an effort to assess secondary stresses caused by unbalanced local economic changes. If a city is growing at a pace markedly different from that of its surrounding county environment, an imbalance in the economic resources throughout this particular county can be implied.

Dependency ratio (1977). This is the ratio of all people not of labor-force age to those who are of labor-force age (ages 15 through 64). Dependency ratio can be considered a measure of the proportion of a population that is dependent (directly through family support or indirectly through government aid programs) upon those who are potential wage earners. An economically declining region probably evinces an increase in net outward migration of people of labor-force age seeking better opportunities, and, therefore, shows a higher dependency ratio. In order to make the city figures more current, since population data by age for cities can be obtained only from the 1970 Census, it is necessary to weight them with the ratio of the county dependency ratio (D.R.) in 1978 to the county D.R. in 1970. Thus, every city is effectively adjusted by the direction of its local county behavior. Even then, for some small cities 1970 census data are not available. In these situations the county D.R. in 1978 is used as a proxy for the city.

City per capita money income (PCMI) (1977). This will provide an estimate of relative differences between areas, assuming that the cost of living is similar. Since cost-of-living information is available for only 7 Hoosier cities this variable attempts, in general, to assess the relative standard of living for individual places.

City PCMI Growth rate (1977/1969). Ideally this figure should be in real terms; however, lacking such data, this variable simply estimates the rate of change of a particular area's standing of living.

City growth rate in aggregate income (1977/1969). This measure, calculated from population growth and change in PCMI, allows examination of the total income resources of a community. It can also be used to resolve ambiguous trends indicated by conflicting population and PCMI growth rates (i.e., one increasing and the other decreasing). Growing aggregate income suggests increasing amounts of funds available for support of public- and private-sector activities.

City growth rate in aggregate income (1977/1969) relative to the growth rate of the rest of the county. By comparing a city's total income resources to that of its immediate environment, extra stresses can be discerned that indicate possible imbalances in the distribution of the county's economic resources.

Housing. Among the variables used, the data for the following variables on housing are available only from the 1970 census.

Age of housing (percent of city's housing units more than thirty years old). Certainly, this figure cannot be construed to measure housing conditions. However, it can be inter-

preted as a proxy for community age and infrastructure needs.

Crowding (percent of city housing units with more than one person per room). Overcrowding is a useful indicator of the existence of an inadequate housing stock. Exceptions are regions that have a serious problem of housing stock abandonment or those where overcrowding is apt to be voluntary, such as in cities with large student populations.

Plumbing (percent of city housing units lacking some facilities). Any deficiency in adequate running water facilities is used to imply some need for housing revitalization.

Gross rent as a percent of income (percent of city housing units with this ratio greater than twenty-five percent). A family and/or wage earner who spends more than twenty-five percent of income on rent is probably financially overextended.

City growth rate in assessed property value (1979/1976). A high growth could imply good economic opportunities both for industry and for wage earners. As with population growth, an exceptionally high rate could suggest an overextension of resources. Because of weaknesses that exist with this variable, since methods of assessment and frequency of updating vary from area to area, it is not weighted heavily in the final composite indicator (see page 8).

Per capita employed (1977) (number of persons employed in a city as a percent of all people of labor-force age). Here again labor-force age is the group aged 15 through 64. This measure, which accounts for trends in unemployment as well as growth in the labor force, can give an indication of the proportion of an area's labor resources that is being utilized. Since the 1970 census is the most recent source for city population by age, these figures will be updated to 1977 by weighting with the ratio of county per capita employed (1977)/county per capita employed (1970).

Industry concentration (1977) (adjusted Hirfindahl Index). By calculating how concentrated the industry is in a particular city, some conclusions can be drawn as to the volatility of that city's economy. If an area is highly specialized in a few types of industries (for example, if most jobs come from a single major auto plant), its economic health is affected by the fortunes of those industries as well as by the overall fluctuations in the state and national economy. As with per capita employed, the most recent data at the city level are from the 1970 census. Consequently, the city figures were updated to 1977 by weighting with the ratio of county industry concentration (1977)/county industry concentration (1970). This index (A.H.I.) is calculated as follows:

$$AHI = (NX - 1)/(N - 1)$$

where N is the number of industry sectors (in this case 8) and X is the sum of the squares of the proportion of number employed in each sector to total employed.

Unemployment rate (1978). This county annual average rate is added simply to adjust in a non-specific manner each city's economic profile according to more current employment figures.

AIDS TO INTERPRETING RANKS

Data serve as a guide to the economic health of a city and are not an error-free picture of reality.

Ranks are generated solely for the purpose of comparing the conditions of one city to another. Because of the margin of error introduced by the various sampling techniques used to assemble this data, a rank differential of 25 or less is considered insignificant. It is more appropriate to classify all cities by percentile groups; thus, a city in the top 5 percent can be considered distinctly different from one in the top 15 percent, while such distinction cannot be made for a city ranked 10th of 551 and a city ranked 20th of 551.

Two indicators, housing and property valuation, are not now interrelated because of the

great difference in age of the two data sets. When the 1980 housing data are included some correlation should arise between these two variables.

Some awareness of each county's particular variations in methods of property assessment is necessary in order to interpret property valuation ranks.

A city with a low ranking employment (high rank number) may actually be a bedroom community where many people live but few jobs exist. This discrepancy could be resolved if employment data by place of residence were known. Unfortunately, it is not. Only employment by place of work can be obtained.

SAMPLE RANKINGS

With considerable hesitation, the following results are offered. Readers are reminded of all the caveats in the foregoing pages that these results depend on data available at the time the study was undertaken, and that conditions may have changed. When the 1980 Census data become available, the method described here could be a powerful tool for identifying areas in need of aid. The results in Table 5 are presented only for illustrative purposes rather than policy decisions at this time.

Each city in the state can be ranked according to its standardized score for each of the five major factors. A rank of number 1 indicates that this city is least in need of revitalization as shown by the preliminary work done in this study, given the data limitations discussed above. As the rank declines, the revitalization need may be thought to increase. Rank 551 is the bottom of the list and hence may be considered most in need of revitalization. Readers and residents will draw their own conclusions. Administrators of city revitalization programs will wish to study the findings in greater detail before acting. Complete statistical results are available from the State Planning Services Agency.

Table 5
RANKING OF SELECTED CITIES
AMONG 551 INDIANA CITIES
(Grouped by Population Size)

Rank	*City*	*Value*
254	South Bend	+ .001
260	Terre Haute	– .031
323	Muncie	– .210
324	Anderson	– .211
327	Kokomo	– .222
472	Gary	– .772
189	Michigan City	+ .212
224	Elkhart	+ .095
271	Marion	– .064
290	New Albany	– .126
334	Richmond	– .247
402	East Chicago	– .496
360	Shelbyville	– .344
395	Bedford	– .483
435	Elwood	– .612
436	Washington	– .613
460	New Castle	– .725
477	Connersville	– .816
478	Charlestown	– .819
482	Attica	– .845
487	Dunkirk	– .894
511	Rising Sun	– 1.088
513	Loogootee	– 1.108
550	Austin	– 2.063
546	New Amsterdam	– 1.715
547	Bloomingdale	– 1.857
548	Livonia	– 1.937
549	Cannelburg	– 2.025
551	Alton	– 2.291

The data in Table 5 indicate the cities at the bottom of each population group. Bloomington would also be included in this list with a rank of 424 and a composite value of −.552.

Table 6 lists the six cities in Indiana with the highest ranks: those cities that are least in need of revitalization. All six are relatively fast-growing smaller communities with relatively high income levels. They may be experiencing the strains of growth, which are costly, but they do not appear in need of revitalization as such.

Table 6
TOP SIX INDIANA CITIES
(Least In Need of Revitalization)

Rank	*City*	*Composite Value*
1	Santa Claus	+ 13.477
2	Schererville	+ 4.608
3	Carmel	+ 4.102
4	Fishers	+ 3.598
5	St. John	+ 2.983
6	Darmstadt	+ 2.947

Aid to Distressed Communities

ROBERT P. SPACK

Senior Planner, State Planning Services Agency, Indianapolis, Indiana

In recent years, preservation of the nation's cities has been a concern of both the public and private sectors.

The federal government took the first step in addressing this concern by creating a large number of categorical grant programs several years ago. These programs were designed to provide cities with funds so they could begin the process of preservation and revitalization by eliminating slums and blight.

The federal government has demonstrated the importance of American cities and has expressed concern for their immediate attention through the President's National Urban Policy. This concern to provide assistance to cities exhibiting the greatest need is reflected in the National Objectives of the National Urban Policy:

> to conserve and improve existing communities by correcting or modifying conditions of distress, blight and decline;
>
> to increase housing and employment opportunities and choice for the poor minorities and disadvantaged; and
>
> to promote orderly and efficient growth and development which prevent future conditions of distress and conserve existing communities.

States and other units of general local government are also emphasizing the need for conservation and revitalization of their cities and small communities. The State of Indiana, through its State Planning Services Agency (SPSA), and a number of other agencies, offers several programs and services which provide assistance to cities and small communities. Different agencies provide different types of assistance, generally in the form of grants, loans, loan guarantees, or various forms of technical assistance. Funds to operate these programs are either state-administered federal funds, state funds or a combination of both.

SPSA

The State Planning Services Agency (SPSA), created by the 1974 Indiana General Assembly, is part of the Executive Office of the Governor. Though the programs, activities and services provided by SPSA at both the community and the state level cover a broad spectrum, those that most directly impact the cities and small communities in the state are administered through the divisions of local and regional assistance, transportation, and coastal zone management.

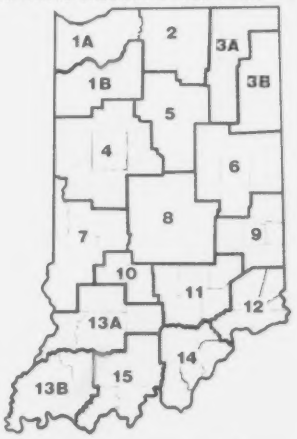
Grants-in-Aid, Loans, Loan Guarantees

Under the broad category of grants-in-aid, loans or loan guarantees, SPSA provides a number of programs and services. The section of **local and regional assistance**, through funding provided by the U.S. Department of Housing and Urban Development, provides planning assistance to communities, upon request, in an effort to meet their specific planning needs. Grants are available on a two-thirds federal and one-third nonfederal share. Any city, town, county, governing body or plan commission representing a population under 50,000 can request assistance, but SPSA does require that those receiving assistance have a plan commission.

SPSA also maintains the management and administration responsibility for eight of the eighteen regional planning commissions throughout the state. (See accompanying map.) The agency allocates federal planning funds earmarked for the respective regions for the purpose of performing basic planning functions. These planning activities may also involve providing technical assistance to communities in the eight regions.

In addition, SPSA administers the Section 601–Energy Impacted Area Development Assistance Program through funds provided by the USDA Farmers Home Administration. The program was enacted to help areas impacted by coal development activities. It provides assistance for the development of growth management and housing plans, and aids in developing and acquiring sites for housing and public facilities and services. Eligible applicants are communities located within an approved designated area,(i.e., a group of counties, a county, or a part of a county designated as an energy-impacted area by the Governor and approved by the Secretary of Energy). One hundred percent federal money is available for the development of growth management and for housing plans or any related aspect of these plans, such as sewer, water, recreation, subdivision, etc. Grants are also available on a seventy-five percent federal, twenty-five percent non-federal basis for acquiring sites for housing, public facilities or services for which financial resources are otherwise not available. Examples include: grading and leveling, sewer and water connections, and access roads to housing and public facilities sites.

Figure 1
PLANNING REGIONS ASSISTED BY SPSA



The **Division of Public Transportation** presently administers federal "pass through grants" in four major areas. 1) A state matching grant program provides communities with public transportation agencies with funding to partially match federal grants for capital and operating assistance. 2) The division also administers a program of the U.S. Department of

Transportation which provides capital and operating assistance for urban and rural areas under 50,000 in population. 3) The state presently awards Section 8 grants to metropolitan planning organizations that serve areas with a population of between 50,000 and 200,000. Through this program, the division administers funds from the Urban Mass Transportation Administration (UMTA) to support federally required planning tasks. 4) Another UMTA program handled by the division provides capital assistance to nonprofit corporations to purchase vehicles used primarily for providing transportation to the elderly and handicapped.

SPSA has been designated as that branch of Indiana government responsible for implementing programs of the U.S. **Office of Coastal Zone Management** (OCZM) and is presently involved in the administration of two federal programs in an effort to preserve, protect or develop the Lake Michigan shoreline. Since 1975, Indiana has used large quantities of federal and state funds to develop its shoreline management programs. Once the shoreline management program is approved and implemented by the state, Indiana will be eligible to receive additional federal funds on an annual basis. More than half of these funds are earmarked for local governmental units in the shoreline area so that they can carry out projects and studies addressing six areas of concern: economic development, access to the shore, natural hazards, living resources and their habitats, energy issues, and disposal of dredging spoils.

SPSA also administers the Indiana Coastal Energy Impact Program (CEIP). CEIP was established to provide grants and credit assistance to sixteen communities[1] in the Lake Michigan shore area in order to help them deal with the impact of new or expanded coastal energy development. Planning grants are available to help coastal communities prepare for the social, economic and environmental consequences of new or expanding energy facilities. Grants are available on an 80 percent federal, 20 percent nonfederal basis. Credit assistance is also available in the form of direct loans or loan guarantees to help finance new or improved public facilities and services required as a result of coastal energy activity. Credit assistance has been used to finance the construction of parks and recreation centers, for improvements to wastewater and water treatment systems, and for the purchase of emergency vehicles. In addition, environmental and recreation grants are available to coastal communities to help prevent, reduce or repair the harm or loss of a valuable environmental or recreational resource caused by a coastal energy activity. These particular grants have been used to construct boat launches and fishing piers and to acquire property for recreational and environmental uses and are available on a 100 percent federal basis.

[1] CEIP assists the county governments in Lake, Porter and LaPorte Counties and the communities of Beverly Shores, Burns Harbor, Dune Acres, East Chicago, Gary, Hammond, Long Beach,[1] Michiana Shores, Michigan City, Ogden Dunes, Portage, Porter Potawatomi Park, Town of Pines, Trail Creek, and Whiting.

Technical Assistance

SPSA offers a number of technical assistance programs and services. Under the section of **local and regional assistance**, SPSA, through funding provided by the U.S. Department of Housing and Urban Development, provides technical assistance for establishing a local plan commission, for review of local comprehensive plans and ordinances or for solving specific technical problems. This direct technical assistance is intended for communities and counties who do not have a local professional staff or access to a regional staff. The assistance is based on the urgency of the need, the nature of the request and the availability of SPSA staff to undertake the job.

In addition to administering federal grants, the **Division of Public Transportation** is also involved in providing local technical assistance.

Personnel may assist local officials in maintaining a community's eligibility for federal grants, or in improving transit operations. They may also assist in the formulation of transportation programs that better provide for the needs of the elderly or handicapped. Also, technical assistance can be offered to a locality just becoming involved with a transit service. Other aid includes helping local officials understand specific federal requirements and the grant process, and providing assistance in completing a grant application. In addition, the division can work with local communities to improve management of an existing service or evaluate various service options available to a specific locality.

In addition to SPSA, several other state agencies offer programs and services designed to assist cities, towns and other units of general local government. These programs are too numerous to describe in full, but the following is a general summary of the types of programs and services offered by various state agencies.

OTHER STATE AGENCIES

The two state agencies in Indiana responsible for providing housing assistance are the State Housing Board and State Housing Finance Authority. **The State Housing Board** is responsible for the administration of the Department of Housing and Urban Development's Section 8 Existing and Moderate Rehabilitation Program, which provides housing assistance to eligible persons of low and moderate income. The **State Housing Finance Authority** is responsible for the administration of the Single Family Mortgage Program. This program provides funds for long-term mortgage financing of residential housing so that qualified persons in the state are encouraged to purchase or to construct residential housing. Eligible persons are residents of Indiana whose family income is 80 percent or less of median income of the area or up to 25 percent above that median income.

The Indiana Department of Commerce is the state agency primarily responsible for economic and industrial development. The Department administers a variety of programs that provide assistance in the form of grants, loans, tax credits and technical assistance. Funds from these programs can be used for, but are not limited to, the following: to help finance community economic development projects intended to enhance long-term economic growth; to coordinate programs relating to economic developments; to provide financial assistance for land acquisition, building construction, machinery and inventory for industrial/commercial development; to provide financial and technical assistance in the development of tourism; and to provide technical assistance in the preparation of economic development planning programs.

The Indiana Department of Natural Resources offers a number of services, generally in the form of technical assistance, through its Divisions of Forestry, Historic Preservation, Outdoor Recreation, and Water. Loans and grants are available for a few programs. The Division of Forestry provides financial assistance to rural communities—populations under 10,000—for the purchase of fire protection equipment, training or organization. It also provides technical assistance for the maintenance or development of an urban forestry program. The Division of Historic Preservation gives assistance in methods for assessing information and in techniques of historic preservation and gives guidance in attaining eligibility for tax benefits and grants-in-aid. The Division of Outdoor Recreation provides assistance for the acquisition, planning and development of outdoor recreation facilities. It also provides technical planning assistance in the form of training sessions and conferences aimed at developing recreational opportunities. The Division of Water is primarily responsible for providing both technical and developmental assistance in the area of flood control. The division grants loans for the construction of

flood control measures and provides information and assistance regarding flood plain management.

In addition to the state government measures, Purdue University, through its Department of Agricultural Economics, conducts planning and zoning workshops for local planning officials regarding their duties and responsibilities and general planning and zoning issues.

The State of Indiana also administers a tax abatement program. The program allows for a ten year partial abatement of property taxes on building construction or rehabilitation projects in designated areas.

Other Agencies That are Sources of Assistance

Cooperative Extension Service at Purdue University
Historic Landmarks Foundation of Indiana
Indiana Arts Commission
Indiana Association of Cities and Towns
Regional Planning Commissions
State Board of Health
State Highway Commission

THE FEDERAL GOVERNMENT

The federal government is the primary source for obtaining financial and technical assistance for the conservation and improvement of existing cities and small communities. The **Farmers Home Administration** (FmHA) under the U.S. Department of Agriculture, is primarily responsible for providing assistance to rural communities. Loans, loan guarantees and grants are provided for: housing construction, rehabilitation and acquisition; development of business and industry and economic development programs; construction, enlargement or extension of community facilities; acquisition and conversion of buildings, plants, roads, utilities, etc., for industrial development; development of recreational facilities, rail and water conservation and control and water storage facilities; and installation, repair or expansion of rural water facilities including sanitary and storm sewage and solid wastes. Grants are also provided to facilitate the development of private businesses in rural communities through the development of comprehensive planning processes and the updating of existing plans and ordinances. Technical assistance is available for carrying out self-help housing rehabilitation efforts.

The **Economic Development Administration** (EDA), under the U.S. Department of Commerce, provides both financial and technical assistance for economic/industrial development. Project grants, loans and loan guarantees can be used for the following general purposes: construction of public facilities needed to initiate and encourage long-term economic growth; provision of financial assistance to downtown businesses that create permanent jobs or to plants expanding within redevelopment areas; provision of immediate useful work to unemployed and underemployed persons in designated project areas; development and improvement of public facilities, public utilities and commercial activity in areas suffering from long-term economic decline; development of projects intended to initiate or enhance long-term economic growth; financial assistance to help areas meet special needs resulting from sudden and severe economic dislocations; and planning assistance to develop the capacity to undertake comprehensive economic planning programs and strategies. Technical assistance is also available to provide designated areas with data, information and expertise in shaping and evaluating economic development programs.

The **Department of Housing and Urban Development** is probably the primary source from which cities and small communities obtain assistance. HUD administers a large number of programs and services that provide financial and technical assistance in the general areas of

housing and community and economic development, most notably the Community Development Block Grant Program (CDBG). The purpose of this program is to develop more viable communities and expanded economic opportunities, and includes such activities as comprehensive planning, property acquisition, relocation, demolition, housing rehabilitation, the provision of public facilities, economic development, and energy conservation. The Urban Development Action Grant Program (UDAG) provides assistance to communities suffering from physical and/or economic stress, for the purpose of economic and neighborhood revitalization. The Department also provides assistance for acquisition, construction or rehabilitation of single and multi-family housing units, and mortgage insurance to help families purchase or rehabilitate single family homes. Mortgage insurance is also available for the construction of multi-family housing units and for the purchase of these units by eligible buyers. In addition, comprehensive planning assistance is available to assist in the development of comprehensive plans and ordinances or for specific planning studies.

Other Agencies That Are Sources of Assistance

Environmental Protection Agency
Federal Highway Administration
General Services Administration
Heritage Conservation and Recreation Service
Rural Electrification Administrator
Small Business Administration
Soil Conservation Service
Urban Mass Transportation Administration
U.S. Forest Service

Appendix

The following list gives addresses and phone numbers of agencies mentioned in Mr. Spack's article as well as other state and federal agencies.

STATE SOURCES FOR PROGRAMS AND SERVICES

Department of Commerce
440 N. Meridian Street
Indianapolis Indiana 46204
317-232-8800

Department of Natural Resources
Division of Forestry
Room 613, State Office Building
Indianapolis, Indiana 46204
317-232-4105

Department of Natural Resources
Division of Historic Preservation
202 North Alabama
Indianapolis, Indiana 46204
317-232-1637

Department of Natural Resources
Division of Outdoor Recreation
Room 612, State Office Building
Indianapolis, Indiana 46204
317-232-4070

Department of Natural Resources
Soil and Water Conservation Committee
Agricultural Administration Building, Room 7
Purdue University
West Lafayette, Indiana 47907

Department of Natural Resources
Division of Water
Room 605, State Office Building
Indianapolis, Indiana 46204
317-232-4160

Agricultural Economic Department
Krannert Building
Purdue University
West Lafayette, Indiana 47906

State Highway Commission
Room 1101, State Office Building
Indianapolis, Indiana 46204
317-232-5519

Indiana State Housing Board
I.S.T.A. Annex
111 N. Capitol
Indianapolis, Indiana 46204
317-232-7072

Indiana Housing Finance Authority
201 East Waine St.
P.O. Box 11468
Fort Wayne, Indiana 46858
219-423-2368

Indiana State Planning Services Agency
Harrison Building, Suite 300
143 West Market Street
Indianapolis, Indiana 46204
317-232-1470

FEDERAL SOURCES FOR PROGRAMS AND SERVICES

DEPARTMENT OF AGRICULTURE

Farmer's Home Administration
Department of Agriculture
Washington D.C. 20250
202-947-7967

Farmer's Home Administration, State Office
Suite 1700
5610 Crawfordsville Road
Indianapolis, Indiana 46224
317-269-6414

U.S. Forest Service Regional Office
Clark Building
633 West Wisconsin Avenue
Milwaukee, Wisconsin 53203
414-224-3640

Rural Electrification Administration
Department of Agriculture
Washington, D.C. 20250
202-447-5123

Soil Conservation Service
Department of Agriculture
P.O. Box 2890
Washington, D.C. 20013
202-447-4531

Soil and Water Conservation State Office
Suite 2200
5610 Crawfordsville Road
Indianapolis, Indiana 46224
317-269-6515

DEPARTMENT OF COMMERCE

Economic Development Administration
Department of Commerce
Washington, D.C. 20230
202-377-5113

Economic Development Administration
Department of Commerce
Regional Office
175 West Jackson Blvd., Suite A1630
Chicago, Illinois 60604
312-353-7706

Economic Development Administration
Economic Development Representative
46 East Ohio Street
Indianapolis, Indiana 46204
317-269-6210

DEPARTMENT OF DEFENSE

U.S. Army Corps of Engineers
Civil Works Activities
North Central Division
536 South Clark Street
Chicago, Illinois 60605
312-353-6400

ENVIRONMENTAL PROTECTION AGENCY

Environmental Protection Agency Regional Office
230 South Dearborn, 12th Floor
Chicago, Illinois 60604
Construction Grants–312-353-2121
Drinking Water Grants–312-353-2151

GENERAL SERVICES ADMINISTRATION

General Services Administration Regional Office
230 South Dearborn Street
Chicago, Illinois 60604
312-353-5556

DEPARMENT OF HOUSING AND URBAN DEVELOPMENT

Division of Community Planning and Development
Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410
202-755-5111

Department of Housing and Urban Development
Regional Office
300 South Wacker Drive
Chicago, Illinois 60606
312-353-5680

Department of Housing and Urban Development
Area Office
151 North Delaware
Indianapolis, Indiana 46204
312-269-6311

DEPARTMENT OF THE INTERIOR

Heritage Conservation and Recreation Service
Department of the Interior
Washington, D.C. 20240
202-343-5726

Heritage Conservation and Recreation Service
Lake Central Region
Federal Building
Ann Arbor, Michigan 48107
313-7969-3211

State Historic Preservation Officer
Director, Indiana Department of Natural Resources
608 State Office Building
Indianapolis, Indiana 46204
312-232-4020

National Park Service
18th and C Streets
Washington, D.C. 20240
202-523-5169

National Park Service
Midwest Regional Office
1709 Jackson Street
Omaha, Nebraska 68102
402-221-3431

SMALL BUSINESS ADMINISTRATION

Small Business Administration
Office of Community Development
1441 L. Street, N.W., Room 818
Washington, D.C. 20416
202-382-5301

Small Business Administration
Regional Office Federal Building
219 South Dearborn Street, Room 437
Chicago, Illinois 60604
312-353-4400

Small Business Administration
District Office
575 North Pennsylvania Street
Indianapolis, Indiana 46204
317-269-7272

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration
Department of Transportation
Office of Airports Planning and Programming
800 Independence Avenue, S.W.
Washington, D.C. 20591
202-426-8434

Federal Aviation Administration
Department of Transportation
Great Lakes Region
2300 Des Plaines Avenue
Des Plaines, Illinois 60018
312-694-2291

Federal Aviation Administration
Department of Transportation
District/Field Office
2300 East Devon Avenue
Des Plaines, Illinois 60018
312-649-4500

Federal Highway Administration
Department of Transportation
Washington, D.C. 20090
202-426-0650

Federal Highway Administration
Regional Office
18209 Dixie Highway
Homewood, Illinois 60430
312-799-6300

Federal Highway Administration
State Office
575 North Pennsylvania Street, Room 245
Indianapolis, Indiana 46204
317-269-7474

Federal Railroad Administration
Regional Office
Room 210, 536 South Clark Street
Chicago, Illinois 60605
312-353-6230

Urban Mass Transportation Administration
Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590
202-426-4020

Urban Mass Transportation Administration
Regional Office
300 South Wacker Drive, Suite 1740
Chicago, Illinois 60606
312-353-2789